



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 27, 2015

Ordinance 18141

Proposed No. 2015-0392.2

Sponsors McDermott

1 AN ORDINANCE providing long-term financing for
2 capital needs of the county's sewer system by authorizing
3 the issuance of junior lien sewer revenue bonds of the
4 county in an aggregate principal amount not to exceed
5 \$100,000,000 to pay all or a portion of the principal of and
6 interest on the county's outstanding Sewer Revenue Bond
7 Anticipation Notes, Commercial Paper Series A and to pay
8 the costs of issuing the bonds; providing for the form, terms
9 and covenants of the bonds; providing for the sale of the
10 bonds in one or more series; establishing funds for the
11 receipt and expenditure of bond proceeds and for the
12 payment of the bonds; and pledging sewer revenues to pay
13 the principal of and interest on junior lien sewer revenue
14 bonds issued under this ordinance.

15 PREAMBLE:

16 The county owns and operates facilities for the conveyance and treatment
17 of sewage and control of combined sewer overflows that include
18 wastewater treatment plants, interceptor and trunk sewers, pumping
19 stations, regulator stations, outfall sewers, storm sewers to divert

20 stormwater from sanitary sewers, lands for application of biosolids,
21 property rights, and buildings and other structures and equipment
22 (collectively "the System"), all in accordance with a comprehensive plan
23 for metropolitan water pollution abatement under the authority of chapters
24 36.56 and 35.58 of the Revised Code of Washington ("RCW").

25 Long-term service agreements with participating municipalities and other
26 entities ("the Participants") obligate the county to treat and dispose of
27 sewage collected by the Participants. The Participants must pay the costs
28 of these services, including debt service on bonds payable from sewer
29 revenues (including the bonds authorized by this ordinance) and other
30 indebtedness payable from and secured by sewer revenues. Comparable
31 rates and charges have been established for customers who deliver sewage
32 to the System but are not subject to a contract with the county for this
33 service.

34 In accordance with RCW 35.58.200(3), the county has declared that the
35 health, safety and welfare of people within the metropolitan area require
36 that certain Participants discharge sewage collected by those Participants
37 into facilities of the System.

38 The county has issued the series of sewer revenue bonds with a senior lien
39 on Revenue of the System set forth in Attachment A to this ordinance
40 (together with any sewer revenue bonds, warrants or other obligations that
41 may be issued in the future with a lien on Revenue of the System equal to
42 the lien thereon of such bonds, "the Parity Bonds").

43 The county has issued the series of limited tax general obligation bonds
44 additionally secured by a lien on Revenue of the System junior and
45 subordinate to the lien thereon of the Parity Bonds set forth in Attachment
46 B to this ordinance (together with any sewer revenue bonds, warrants or
47 other obligations that may be issued in the future with a lien on Revenue
48 of the System equal to the lien thereon of such bonds, "the Parity Lien
49 Obligations").

50 The county has issued its sewer revenue bonds with a lien on Revenue of
51 the System junior and subordinate to the lien thereon of the Parity Lien
52 Obligations (as further defined herein, "the Junior Lien Obligations").

53 The county has issued its limited tax general obligation bonds additionally
54 secured by a lien on Revenue of the System junior and subordinate to the
55 lien thereon of the Junior Lien Obligations (as further defined herein, "the
56 Multi-Modal LTGO/Sewer Revenue Bonds").

57 The county has issued its Commercial Paper Notes and Bank Note (each
58 as further defined herein) with a lien on Revenue of the System junior and
59 subordinate to the lien thereon of the Multi-Modal LTGO/Sewer Revenue
60 Bonds.

61 It is deemed necessary and desirable that the county authorize the issuance
62 and sale of its junior lien sewer revenue bonds as Junior Lien Obligations
63 in the aggregate principal amount of \$100,000,000 ("the Bonds") to pay
64 all or a portion of the principal of and interest on the Commercial Paper
65 Notes and to pay the costs of issuing the Bonds.

66 Since market conditions can change quickly, it is in the best interest of the
67 county to delegate to the county's Finance Director the authority to sell the
68 Bonds in one or more series, by competitive bid or negotiated sale, as
69 provided in this ordinance, so long as the aggregate principal amount of
70 Bonds does not exceed \$100,000,000. The sale of any series of the Bonds
71 will be ratified and confirmed by a motion of the council, as provided in
72 this ordinance.

73 The ordinances authorizing the issuance of the currently outstanding
74 obligations of the System permit additional Junior Lien Obligations to be
75 issued on the terms and conditions set forth in the ordinances authorizing
76 the currently outstanding Junior Lien Obligations.

77 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

78 SECTION 1. Definitions; Interpretation.

79 A. **Definitions.** The following words and terms as used in this ordinance
80 have the following meanings for all purposes of this ordinance, unless some other
81 meaning is plainly intended.

82 "Accreted Value" means, for any Capital Appreciation Bonds, as of any date of
83 calculation, the sum of the amounts set forth in the ordinance, resolution or motion
84 authorizing such bonds as the amounts representing the initial principal amount of such
85 bonds plus the interest accumulated, compounded and unpaid thereon as of the most
86 recent compounding date, as provided in the ordinance, resolution or motion authorizing
87 the issuance of such bonds; provided, that if such calculation is not made as of a

88 compounding date, such amount will be determined by straight-line interpolation as of
89 the immediately preceding and the immediately succeeding compounding dates.

90 "Additional Junior Lien Obligations" means those revenue bonds or other revenue
91 obligations that may be issued by the county after the issuance of the Bonds with a lien
92 on Revenue of the System equal to the lien thereon of the Bonds.

93 "Agency Customer" means any city, town, water-sewer district or other political
94 subdivision, person, firm, private corporation or other entity that collects sewage from
95 customers and disposes of any portion of that sewage into the System and is not a
96 Participant.

97 "Annual Debt Service" means, for designated obligations of the System, with
98 respect to any calendar year, the sum of the following:

99 1. The interest on such designated obligations due (i) on all interest payment
100 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next
101 succeeding calendar year, plus any Payment Agreement Payments due on such dates in
102 respect of Payment Agreements for such designated obligations and minus any Payment
103 Agreement Receipts due in such period in respect of Payment Agreements for such
104 designated obligations.

105 a. For purposes of calculating the amounts required to pay interest on
106 such designated obligations, capitalized interest, accrued interest paid to the county upon
107 the issuance of such designated obligations, and Debt Service Offsets pledged to the
108 payment of such designated obligations will be excluded.

109 b. The amount of interest deemed payable on any such designated
110 obligations bearing interest at a variable rate will be calculated on the assumption that the

111 interest rate on such designated obligations would be equal to the rate that is 90% of the
112 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
113 preceding the quarter in which the calculation is made; provided, that for purposes of
114 determining actual compliance in any past calendar year with the rate covenants made in
115 Section 15 of this ordinance, the actual amount of interest paid on any issue of variable
116 rate obligations will be taken into account.

117 2. The principal due (at maturity or upon mandatory redemption prior to
118 maturity) for such designated obligations (i) on all principal payment dates (other than
119 January 1) of such calendar year and (ii) on January 1 of the next succeeding calendar
120 year.

121 3. An amount for assumed payments of principal of any of such designated
122 obligations that are Balloon Maturity Bonds calculated for the applicable calendar year
123 by amortizing the then outstanding principal amount of such designated obligations in
124 accordance with a maturity schedule not exceeding 30 years from the date of issuance of
125 such Balloon Maturity Bonds and resulting in approximately level debt service based on
126 their actual interest rates (if such designated obligations bear interest at fixed rates) or on
127 the assumed interest rate calculated as provided in paragraph 1.b. of this definition (if
128 such designated obligations bear interest at a variable rate).

129 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
130 upon mandatory redemption must be included in the calculation of Annual Debt Service,
131 and references in this ordinance to principal include the Accreted Value due at maturity
132 or upon the mandatory redemption of any Capital Appreciation Bonds.

Notwithstanding the foregoing, debt service on any such designated obligations with respect to which a Payment Agreement is in force will be calculated by the county to reflect the net economic effect of the terms of such designated obligations and the applicable Payment Agreement, in accordance with the requirements set forth in the proceedings authorizing the issuance of such designated obligations.

"Balloon Maturity Bonds" means any obligations of the System, the entire principal amount of which is due at maturity without serial bond payments or sinking fund redemption payments.

"Bank Note" means the bank note authorized to be issued by Ordinance 12057 of the county, as amended, to secure payment of the Commercial Paper Notes.

"Beneficial Owner" means, with respect to a Bond, the owner of the beneficial interest in that Bond.

"Bond Register" means the registration books maintained by the Registrar for purposes of identifying ownership of the Bonds.

"Bondowners' Trustee" means the bank or financial institution selected by the Registered Owners of the Bonds pursuant to Section 19 of this ordinance.

"Bonds" means the \$100,000,000 aggregate principal amount of junior lien sewer revenue bonds of the county authorized to be issued under this ordinance to pay all or a portion of the principal of and interest on the Commercial Paper Notes and to pay the costs of issuing the Bonds. The Bonds may be issued in one or more series, as provided in this ordinance.

"Capital Appreciation Bonds" means any Parity Bonds the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of

such Parity Bonds; provided, that Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term pursuant to the ordinance, resolution or motion authorizing their issuance. On the date on which Parity Bonds no longer are Capital Appreciation Bonds, they will be deemed outstanding in a principal amount equal to their Accreted Value.

"Certified Public Accountant" means an independent certified public accountant (or firm of certified public accountants) selected by the county and having a favorable national reputation.

"Code" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

"Commercial Paper Notes" means the King County, Washington, Sewer Revenue Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and outstanding from time to time pursuant to Ordinance 12057 of the county, as amended.

"Comprehensive Plan" means the county's comprehensive water pollution abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together with any amendments hereafter approved by ordinance of the county.

"Construction Account" means the "Second Water Quality Construction Account," as designated by Ordinance 12076, Section 30, of the county.

"Council" means the Metropolitan King County Council.

179 "Credit Enhancement" means any letter of credit, insurance policy, surety bond,
180 line of credit or other instrument then in effect that secures or guarantees the payment of
181 principal of and interest on any series of the Bonds.

182 "Credit Facility" means any letter of credit, standby bond purchase agreement,
183 line of credit, surety bond, insurance policy or other insurance commitment or similar
184 agreement (but not including a Payment Agreement), satisfactory to the county, that is
185 provided by a commercial bank, insurance company or other financial institution with a
186 current long-term rating (or whose obligations thereunder are guaranteed by a financial
187 institution with a long-term rating): (i) from Moody's and S&P not lower, when issued,
188 than the credit rating of any series of Parity Bonds, to provide support for a series of
189 Parity Bonds, and includes any substitute therefor in accordance with the provisions of
190 the ordinance providing for the issuance of Parity Bonds supported by a Credit Facility,
191 or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit rating of any
192 series of Parity Lien Obligations, to provide support for a series of Parity Lien
193 Obligations, and includes any substitute therefor in accordance with the provisions of the
194 ordinance providing for the issuance of Parity Lien Obligations supported by a Credit
195 Facility.

196 "Credit Provider" means any bank, insurance company, pension fund or other
197 financial institution that provides a Credit Enhancement for any series of the Bonds.

198 "Customers" means Residential Customers and Residential Customer Equivalents
199 as defined and determined in the existing Service Agreements.

200 "Debt Service Offsets" means receipts of the county that are (i) legally available
201 to pay debt service on obligations payable from Revenue of the System, including

without limitation federal interest subsidy payments, and (ii) pledged to the payment of obligations payable from Revenue of the System.

"Default" means any of the events or conditions set forth in Section 18 of this ordinance.

"DTC" means The Depository Trust Company, New York, New York.

"Finance Director" means the director of the finance and business operations division of the department of executive services of the county or any other county officer who succeeds to the duties now delegated to that office, or the designee of such officer.

"Fitch" means Fitch Ratings and its successors and assigns, except that if that entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Fitch" will be deemed to refer to any other nationally recognized securities rating agency selected by the county.

"Future Parity Bonds" means any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of the Parity Bonds.

"Government Obligations" means "government obligations" as defined in chapter 39.53 RCW, as now in existence or hereafter amended.

"Junior Lien Bond Fund" means the "King County, Washington, Junior Lien Obligation Redemption Fund" created pursuant to Ordinance 14171, Section 5.01, of the county.

"Junior Lien Obligations" means (i) the county's Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001, authorized by Ordinances 14171 and 14172, (ii) the county's Junior Lien Variable Rate

225 Demand Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by
226 Ordinance 17202, (iii) the county's Junior Lien Variable Rate Demand Sewer Revenue
227 Bond, Series 2012, dated December 27, 2012, authorized by Ordinance 17495, (iv) the
228 Bonds and (v) any Additional Junior Lien Obligations.

229 "Letter of Representations" means the Blanket Issuer Letter of Representations
230 dated May 1, 1995, by and between the county and DTC, as it may be amended from
231 time to time, and any successor or substitute letter relating to the operational procedures
232 of the Securities Depository.

233 "Liquidity Facility" means any letter of credit, line of credit, standby purchase
234 agreement or other instrument then in effect that provides for the payment of the purchase
235 price of Bonds upon the tender thereof if remarketing proceeds are insufficient therefor.

236 "Liquidity Provider" means any bank, insurance company, pension fund or other
237 financial institution that provides a Liquidity Facility.

238 "Moody's" means Moody's Investors Service, Inc., a corporation duly organized
239 and existing under and by virtue of the laws of the State of Delaware, and its successors
240 and assigns, except that if that corporation is dissolved or liquidated or no longer
241 performs the functions of a securities rating agency, then the term "Moody's" will be
242 deemed to refer to any other nationally recognized securities rating agency selected by
243 the county.

244 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
245 its functions.

246 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's Multi-Modal
247 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A

248 and Series 2010B, and any additional limited tax general obligation bonds of the county
249 payable from Revenue of the System and having the same lien on Revenue of the System
250 as those bonds.

251 "Net Revenue" means Revenue of the System less Operating and Maintenance
252 Expenses.

253 "Operating and Maintenance Expenses" means all normal expenses incurred by
254 the county in causing the System to be maintained in good repair, working order and
255 condition and includes payments to any private or governmental agency for the operation
256 or maintenance of facilities or for the disposal of sewage but excludes any allowance for
257 depreciation.

258 "Owner" means, with respect to a Bond, without distinction, the Beneficial Owner
259 or the Registered Owner.

260 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
261 designated pursuant to Ordinance 12076, Section 30, of the county for the purpose of
262 paying and securing the payment of the Parity Bonds.

263 "Parity Bond Reserve Account" means the bond reserve account in the Parity
264 Bond Fund securing the payment of the Parity Bonds.

265 "Parity Bonds" means the bonds identified as such in the Preamble to this
266 ordinance, together with any Future Parity Bonds. "Parity Bonds" include any Parity
267 Payment Agreements and parity reimbursement agreements entered into with the
268 provider of a Credit Facility securing any Parity Bonds.

269 "Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax
270 General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241,
271 Section 8, of the county to provide for payment of Parity Lien Obligations.

272 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under
273 which the county's payment obligations are expressly stated to constitute a charge and
274 lien on Revenue of the System equal in rank with the charge and lien on Revenue of the
275 System securing amounts required to be paid into the Parity Lien Obligation Bond Fund
276 to pay and secure the payment of principal of and interest on the Parity Lien Obligations.

277 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
278 ordinance, together with any sewer revenue bonds, warrants or other obligations that may
279 be issued in the future with a lien on Revenue of the System equal to the lien thereon of
280 such bonds. "Parity Lien Obligations" include any Parity Lien Obligation Payment
281 Agreements and parity reimbursement agreements entered into with the provider of a
282 Credit Facility securing any Parity Lien Obligations.

283 "Parity Payment Agreement" means a Payment Agreement under which the
284 county's payment obligations are expressly stated to constitute a charge and lien on
285 Revenue of the System equal in rank with the charge and lien on Revenue of the System
286 securing amounts required to be paid into the Parity Bond Fund to pay and secure the
287 payment of principal of and interest on the Parity Bonds.

288 "Participant" means each city, town, county, water-sewer district, municipal
289 corporation, person, firm, private corporation or other entity that disposes of any portion
290 of its sanitary sewage into the System and has entered into a Service Agreement with the
291 county.

"Payment Agreement" means, to the extent permitted from time to time by applicable law, a written agreement entered into by the county (i) in connection with or incidental to the issuance, incurring or carrying of bonds or other obligations of the county secured in whole or in part by a lien on Revenue of the System; (ii) for the purpose of managing or reducing the county's exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest rate, investment, asset or liability management purposes; (iii) with a Qualified Counterparty; and (iv) which provides, on either a current or forward basis, for an exchange of payments determined in accordance with a formula specified therein.

"Payment Agreement Payments" means the amounts periodically required to be paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The term "Payment Agreement Payments" does not include any termination payment required to be paid with respect to a Payment Agreement.

"Payment Agreement Receipts" means the amounts periodically required to be paid by the Qualified Counterparty to the county pursuant to a Payment Agreement.

"Professional Utility Consultant" means a licensed professional engineer, a Certified Public Accountant, or other independent person or firm selected by the county having a favorable reputation for skill and experience with sewer systems of comparable size and character to the System in such areas as are relevant to the purposes for which they are retained.

"Public Works Trust Fund Loans" means loans to the county by the State Department of Commerce under the Public Works Trust Fund loan program pursuant to loan agreements in effect as of the date of this ordinance and any loan agreements

hereafter entered into by the county under the Public Works Trust Fund loan program, the repayment obligations of which are secured by a lien on Revenue of the System equal to the lien thereon established by such loan agreements.

"Qualified Counterparty" means with respect to a Payment Agreement an entity (i) whose senior long-term debt obligations, other senior unsecured long-term obligations or claims-paying ability or whose payment obligations under a Payment Agreement are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations or claims-paying ability are rated (at the time the Payment Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

"Qualified Insurance" means (i) so long as any Parity Bonds designated as 2006 Bonds, 2006 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any unconditional municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation is rated in one of the two highest rating categories by Moody's, S&P, and any other rating agency then maintaining a rating on the Parity Bonds, provided that as of the time of issuance of such policy or surety bond, such insurance company or companies maintain a policy owner's surplus in excess of \$500,000,000; and (ii) from and after such time as no Parity Bonds designated as 2006 Bonds, 2006 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain

338 outstanding, any unconditional municipal bond insurance policy or surety bond issued by
339 any insurance company licensed to conduct an insurance business in any state of the
340 United States or by a service corporation acting on behalf of one or more such insurance
341 companies, which insurance company or service corporation, as of the time of issuance of
342 such policy or surety bond, is then rated in one of the two highest rating categories by
343 Moody's, S&P, and any other rating agency then maintaining a rating on the Parity Bonds
344 and maintains a policy owner's surplus in excess of \$500,000,000.

345 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a
346 bank for the account of the county and for the benefit of the registered owners of Parity
347 Bonds, provided that such bank maintains an office, agency or branch in the United
348 States, and provided further, that as of the time of issuance of such letter of credit, such
349 bank is currently rated in one of the two highest rating categories by Moody's, S&P, and
350 any other rating agency then maintaining a rating on the Parity Bonds.

351 "Rate Stabilization Fund" means the fund of that name created pursuant to
352 Ordinance 12314, Section 13.D., of the county and continued pursuant to Section 11.B.
353 of this ordinance.

354 "RCW" means the Revised Code of Washington.

355 "Rebate Amount" means the amount, if any, determined to be payable with
356 respect to the Bonds by the county to the United States of America in accordance with
357 Section 148(f) of the Code.

358 "Record Date" has the meaning set forth pursuant to the Sale Motion.

359 "Registered Owner" means, with respect to a Bond, the person in whose name
360 that Bond is registered on the Bond Register.

361 "Registrar" means the fiscal agent of the State (as the same may be designated by
362 the State from time to time) for the purposes of registering and authenticating the Bonds,
363 maintaining the Bond Register, effecting the transfer of ownership of the Bonds and
364 paying principal of and premium, if any, and interest on the Bonds.

365 "Revenue Fund" means the "Water Quality Operating Account" as designated by
366 Ordinance 12076, Section 30, of the county.

367 "Revenue of the System" means all the earnings, revenues and money received by
368 the county from or on account of the operations of the System and the income from the
369 investment of money in the Revenue Fund or any account within such fund, but does not
370 include (i) any money collected pursuant to the Service Agreements applicable to
371 administrative costs of the county other than costs of administration of the System or (ii)
372 any Debt Service Offsets. For certain purposes described in Section 11.B. of this
373 ordinance, deposits from the Rate Stabilization Fund into the Revenue Fund may be
374 included in calculations of "Revenue of the System."

375 "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the
376 Securities and Exchange Act of 1934, as the same may be amended from time to time.

377 "S&P" means Standard and Poor's Ratings Services and its successors and
378 assigns, except that if that entity is dissolved or liquidated or no longer performs the
379 functions of a securities rating agency, then the term "S&P" will be deemed to refer to
380 any other nationally recognized securities rating agency selected by the county.

381 "Sale Motion" means, with respect to each series of the Bonds, the motion of the
382 council approving a contract (if the Bonds are sold by negotiated sale) or accepting a bid

(if the Bonds are sold by competitive bid) for the purchase of the Bonds and ratifying the sale of the Bonds, all in accordance with Section 22 of this ordinance.

"SEC" means the United States Securities and Exchange Commission.

"Securities Depository" means DTC, any successor thereto, any substitute securities depository selected by the county that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

"Senior Lien Payments" means, for any calendar year, the sum of the following:

1. Annual Debt Service for such year for the Parity Bonds and Parity Lien Obligations then outstanding; and
2. any other payments described in paragraphs **Second** through **Fifth** of Section 12 of this ordinance required to be made during such year.

"Service Agreements" means the sewage disposal agreements entered into between the county and municipal corporations, persons, firms, private corporations, or governmental agencies providing for the disposal by the county of sewage collected from such contracting parties.

"SRF Loans" means loans to the county by the State Department of Ecology pursuant to loan agreements in effect as of the date of this ordinance and any loans and loan agreements hereafter entered into by the county under the State water pollution control revolving fund loan program, the repayment obligations of which are secured by a lien on Revenue of the System equal to the lien thereon established by such loan agreements.

"State" means the State of Washington.

406 "Subordinate Lien Obligations" means the Commercial Paper Notes, the Bank
407 Note and any revenue bonds or other revenue obligations that may be issued by the
408 county in the future with a lien on Revenue of the System equal to the lien thereon of the
409 Commercial Paper Notes and the Bank Note.

410 "System" means the sewers and sewage disposal facilities now or hereafter
411 acquired, constructed, used or operated by the county for the purpose of carrying out the
412 Comprehensive Plan.

413 "Tax Certificate" means any federal tax certificate regarding certain federal tax
414 matters executed on behalf of the county upon the issuance of each series of the Bonds.

415 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are
416 structured so as to confer certain benefits under the Code to the county or to the Owners
417 of such Bonds, as provided in Section 17 of this ordinance and so designated pursuant to
418 Section 22.A. of this ordinance.

419 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be
420 excludable from gross income for federal income tax purposes, as provided in Section 17
421 of this ordinance and so designated pursuant to Section 22.A. of this ordinance.

422 "Term Bonds" means those Bonds identified as such pursuant to the Sale Motion,
423 the principal of which is amortized by a schedule of mandatory redemptions, payable
424 from the Junior Lien Bond Fund, prior to their maturity.

425 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
426 the county for each series of Bonds, if and to the extent required by Rule 15c2-12, as
427 authorized by a Sale Motion.

428 B. **Rules of Interpretation.** As used in this ordinance, unless the context
429 otherwise requires:

430 1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and
431 any similar terms refer to this ordinance as a whole and not to any particular section,
432 subsection, paragraph or clause of this ordinance.

433 2. Unless the context otherwise indicates, words expressed in the
434 singular may include the plural and vice versa, and the use of the neuter, masculine, or
435 feminine gender is for convenience only and is deemed to mean and include the neuter,
436 masculine or feminine gender, as appropriate.

437 3. Any headings preceding the text of the various sections and
438 subsections of this ordinance, and any table of contents or marginal notes appended to
439 copies of this ordinance, are solely for convenience of reference and do not constitute a
440 part of this ordinance, nor will they affect its meaning, construction or effect.

441 4. All references in this ordinance to "sections," "subsections,"
442 "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or
443 clauses of this ordinance as originally passed.

444 5. The term "including" means "including without limitation."

445 SECTION 2. **Findings.** Because conditions in the capital markets are volatile,
446 the council finds that it is in the best interests of the county and ratepayers of the System
447 that the county retain the flexibility to issue the Bonds in one or more series to maximize
448 interest rate savings. To achieve this flexibility, the council further finds that it is in the
449 best interests of the county and ratepayers of the System that the sale of Bonds in one or
450 more series as Tax-Exempt Bonds, Tax Benefited Bonds or otherwise, by competitive bid

or negotiated sale, for current or future delivery, be determined by the Finance Director, in consultation with the county's financial advisors. Each sale of a series of Bonds will be ratified and confirmed by the council in a Sale Motion.

SECTION 3. Authorization of Bonds. To provide funds necessary to pay all or a portion of the principal of and interest on the outstanding Commercial Paper Notes and to pay the costs of issuing the Bonds, the county is authorized to issue the Bonds in the aggregate principal amount of \$100,000,000.

The Bonds may be issued in one or more series, as provided in Section 22 of this ordinance, each such series to be designated as "King County, Washington, Junior Lien Sewer Revenue Bonds" with an applicable year and series designation. The Bonds will be fully registered as to both principal and interest; will be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification; and will be in the denominations, dated the date and mature on the dates, in the years and in the amounts established as provided in Section 22 of this ordinance.

The Bonds will bear interest (computed as set forth pursuant to the Sale Motion) from their dated date or from the most recent date to which interest has been paid or duly provided for, whichever is later, payable on interest payment dates and at the rate or rates established as provided in Section 22 of this ordinance and ratified and confirmed by a Sale Motion.

SECTION 4. Registration, Exchange and Payments.

A. Registrar/Bond Register. In accordance with KCC 4.84, the county adopts for the Bonds the system of registration specified and approved by the

Washington State Finance Committee, which utilizes the fiscal agent of the State as registrar, authenticating agent, paying agent and transfer agent ("the Registrar"). The Registrar will keep, or cause to be kept, at its designated corporate trust office, sufficient books for the registration and transfer of the Bonds ("the Bond Register"), which will be open to inspection by the county at all times. The Bond Register will contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner. The Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the county's paying agent for the Bonds and to carry out all of the Registrar's powers and duties under this ordinance.

The Registrar will be responsible for the representations contained in its Certificate of Authentication on the Bonds. The Registrar may become the Owner of Bonds with the same rights it would have if it were not the Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

B. Registered Ownership. The Bonds will be issued only in registered form as to both principal and interest and will be recorded on the Bond Register. The county and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes, and neither the county nor the Registrar will be affected by any notice to the contrary. Payment of each Bond will be made as described in Section 4.E. of this ordinance, but registration of ownership of each

497 Bond may be transferred as provided herein. All payments made as described in Section
498 4.E. of this ordinance will be valid and will satisfy and discharge the liability of the
499 county upon such Bond to the extent of the amount or amounts so paid.

500 C. **Use of Depository.** Unless otherwise set forth pursuant to the Sale
501 Motion, the Bonds initially will be registered in the name of Cede & Co., as the nominee
502 of DTC. Each Bond registered in the name of the Securities Depository will be held fully
503 immobilized in book-entry only form by the Securities Depository in accordance with the
504 provisions of the Letter of Representations. Neither the county nor the Registrar will
505 have any obligation to participants of any Securities Depository or the persons for whom
506 they act as nominees regarding accuracy of any records maintained by the Securities
507 Depository or its participants. Neither the county nor the Registrar will be responsible
508 for any notice that is permitted or required to be given to a Registered Owner except such
509 notice as is required to be given by the Registrar to the Securities Depository.

510 For so long as the Bonds are registered in the name of the Securities Depository,
511 the Securities Depository will be deemed to be the Registered Owner for all purposes
512 hereunder, and all references to Registered Owners will mean the Securities Depository
513 and will not mean the Beneficial Owners. Registered ownership of any Bond registered
514 in the name of the Securities Depository may not be transferred except: (i) to any
515 successor Securities Depository; (ii) to any substitute Securities Depository appointed by
516 the county; or (iii) to any person if the Bond is no longer to be held by a Securities
517 Depository.

518 Upon the resignation of the Securities Depository, or upon a termination of the
519 services of the Securities Depository by the county, the county may appoint a substitute

Securities Depository. If (i) the Securities Depository resigns and the county does not appoint a substitute Securities Depository, or (ii) the county terminates the services of the Securities Depository, the Bonds no longer will be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance or as set forth pursuant to the Sale Motion.

D. **Registration Covenant.** The county covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

E. **Place and Medium of Payment.** Principal of and premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Bond registered in the name of the Securities Depository are payable in the manner set forth in the Letter of Representations. Unless otherwise set forth pursuant to the Sale Motion, interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the county is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Unless otherwise set forth pursuant to the Sale Motion, principal of and premium, if any, on each Bond not registered in the name of the Securities Depository are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar.

F. **Transfer or Exchange of Registered Ownership; Change in**

Denominations. The registered ownership of any Bond may be transferred or exchanged, but no transfer or exchange of any Bond will be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar will cancel the surrendered Bond and will authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity and interest rate, in any authorized denomination. The Registrar will not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date, or, in the case of any proposed redemption of a Bond, after mailing of notice of the call of the Bond for redemption.

SECTION 5. Redemption Provisions; Purchase of Bonds.

A. **Optional Redemption.** All or some of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the county at the times and on the terms set forth pursuant to the Sale Motion.

564 B. **Mandatory Redemption.** The county will redeem any Term Bonds, if
565 not redeemed under the optional redemption provisions set forth pursuant to the Sale
566 Motion or purchased under the provisions set forth herein, randomly (or in such other
567 manner as set forth pursuant to the Sale Motion or as the Registrar determines) at par plus
568 accrued interest on the dates and in the years and principal amounts as set forth pursuant
569 to the Sale Motion.

570 If the county redeems Term Bonds under the optional redemption provisions set
571 forth pursuant to the Sale Motion or purchases or defeases Term Bonds, the Term Bonds
572 so redeemed, purchased or defeased (irrespective of their redemption or purchase prices)
573 will, unless otherwise set forth pursuant to the Sale Motion, be credited against one or
574 more scheduled mandatory redemption amounts for those Term Bonds. The county will
575 determine the manner in which the credit is to be allocated and will notify the Registrar in
576 writing of its allocation at least 60 days prior to the earliest mandatory redemption date
577 for the maturity of Term Bonds for which notice of redemption has not already been
578 given.

579 C. **Partial Redemption.** Whenever less than all of the Bonds of a single
580 maturity of a series are to be redeemed, the Securities Depository will select the Bonds
581 registered in the name of the Securities Depository to be redeemed in accordance with the
582 Letter of Representations, and the Registrar will select all other Bonds to be redeemed
583 randomly, or in such other manner set forth pursuant to the Sale Motion or as the
584 Registrar determines.

585 Portions of the principal amount of any Bond, in authorized denominations, may
586 be redeemed, unless otherwise set forth pursuant to the Sale Motion. If less than all of

587 the principal amount of any Bond is redeemed, upon surrender of that Bond to the
588 Registrar, there will be issued to the Registered Owner, without charge therefor, a new
589 Bond (or Bonds, at the option of the Registered Owner) of the same series, maturity and
590 interest rate in any authorized denomination in the aggregate total principal amount
591 remaining outstanding.

592 **D. Purchase.** The county reserves the right and option to purchase any or all
593 of the Bonds in the open market or offered to the county at any time at any price
594 acceptable to the county plus accrued interest to the date of purchase.

595 SECTION 6. Notice and Effect of Redemption. Notice of redemption of each
596 Bond registered in the name of the Securities Depository will be given in accordance with
597 the Letter of Representations. Unless otherwise set forth pursuant to the Sale Motion,
598 notice of redemption of each other Bond, unless waived by the Registered Owner, will be
599 given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for
600 redemption by first-class mail, postage prepaid, to the Registered Owner at the address
601 appearing on the Bond Register on the Record Date. The requirements of the preceding
602 sentences will be deemed to have been fulfilled when notice has been mailed as so
603 provided, whether or not it is actually received by any Owner. Notice of redemption will
604 also be mailed or sent electronically within the same period to the MSRB, to any
605 nationally recognized rating agency then maintaining a rating on the Bonds at the request
606 of the county, and to such other persons and with such additional information as the
607 Finance Director determines, but such further notice is not a condition precedent to the
608 redemption of any Bond.

609 In the case of an optional redemption, the notice of redemption may state that the
610 county retains the right to rescind the redemption notice and the redemption by giving a
611 notice of rescission to the affected Registered Owners at any time on or prior to the date
612 fixed for redemption. Any notice of optional redemption that is so rescinded will be of
613 no effect, and each Bond for which a notice of optional redemption has been rescinded
614 will remain outstanding.

615 Interest on each Bond called for redemption will cease to accrue on the date fixed
616 for redemption, unless either the notice of optional redemption is rescinded as set forth
617 above or money sufficient to effect such redemption is not on deposit in the Junior Lien
618 Bond Fund or in a trust account established to refund or defease the Bond.

619 SECTION 7. Form and Execution of Bonds. The form of the Bonds will be set
620 forth pursuant to the Sale Motion. The Bonds will be signed by the county executive and
621 the clerk of the council, either or both of whose signatures may be manual or in facsimile,
622 and the seal of the county or a facsimile reproduction thereof will be impressed or printed
623 thereon.

624 Only a Bond bearing a Certificate of Authentication in the form set forth pursuant
625 to the Sale Motion, manually signed by the Registrar, will be valid or obligatory for any
626 purpose or entitled to the benefits of this ordinance. The authorized signing of a
627 Certificate of Authentication will be conclusive evidence that the Bond so authenticated
628 has been duly executed, authenticated and delivered and is entitled to the benefits of this
629 ordinance.

630 If any officer whose manual or facsimile signature appears on a Bond ceases to be
631 an officer of the county authorized to sign bonds before the Bond bearing his or her

632 manual or facsimile signature is authenticated by the Registrar or issued or delivered by
633 the county, that Bond nevertheless may be authenticated, issued and delivered and, when
634 authenticated, issued and delivered, will be as binding on the county as though that
635 person had continued to be an officer of the county authorized to sign bonds. Any Bond
636 also may be signed on behalf of the county by any person who, on the actual date of
637 signing of the Bond, is an officer of the county authorized to sign bonds, although he or
638 she did not hold the required office on the dated date of the Bond.

639 SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond
640 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of
641 like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the
642 Registered Owner's paying the expenses and charges of the county and the Registrar in
643 connection therewith and upon surrender to the Registrar of the Bond so mutilated.
644 Every mutilated Bond so surrendered will be canceled and destroyed by the Registrar.

645 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver
646 a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered
647 Owner thereof upon the Registered Owner's paying the expenses and charges of the
648 county and the Registrar in connection therewith and upon filing with the Registrar
649 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or
650 destroyed and of registered ownership thereof, and upon furnishing the county and the
651 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

652 SECTION 9. Junior Lien Bond Fund. A special fund of the county designated
653 the "King County, Washington, Junior Lien Obligation Redemption Fund" (the "Junior
654 Lien Bond Fund") has been created for the purpose of paying Junior Lien Obligations.

655 The Junior Lien Bond Fund is held separate and apart from all other funds and accounts
656 of the county and is a trust fund for the owners of Junior Lien Obligations.

657 The county hereby obligates and binds itself to set aside and pay into the Junior
658 Lien Bond Fund out of Revenue of the System amounts sufficient, together with accrued
659 interest, if any, received at the time of delivery of any series of Bonds and deposited
660 therein, income from the investment of money in the Junior Lien Bond Fund, and any
661 other money on deposit in the Junior Lien Bond Fund and legally available, to pay the
662 Bonds as the same become due and payable.

663 Any series of the Bonds also may be payable from and secured by Credit
664 Enhancement or a Liquidity Facility that secures payment of only that series of Bonds,
665 and such Credit Enhancement or Liquidity Facility need not secure payment of any other
666 series of the Bonds. The county's payment obligation with respect to Bonds secured by
667 Credit Enhancement will be deemed satisfied if provided by draws on the Credit
668 Enhancement.

669 For each series of the Bonds there is hereby authorized to be created a special
670 account in the Junior Lien Bond Fund. All money required by this section to be
671 deposited into the Junior Lien Bond Fund for the payment of principal of and interest on
672 that series of the Bonds may be deposited into the account created for the series. Money
673 in the account will be treated in all respects as all other money in the Junior Lien Bond
674 Fund, but will be accounted for separately for the purpose of calculating any Rebate
675 Amount payable with respect to that series of the Bonds.

676 Payments on account of each series of the Bonds will be made out of Revenue of
677 the System into the applicable account in the Junior Lien Bond Fund on or before the day
678 each payment of principal of or interest on those Bonds is due.

679 If any Bonds are designated as Term Bonds pursuant to Section 22 of this
680 ordinance, there will be set forth pursuant to the Sale Motion for that series of Bonds a
681 mandatory redemption schedule to amortize the principal of those Term Bonds.
682 Payments of principal of Term Bonds under any such mandatory redemption schedule
683 will be made from the Junior Lien Bond Fund, as provided in this section, to the extent
684 not credited pursuant to Section 5.B. of this ordinance.

685 SECTION 10. Pledge of Sewer Revenues. The Bonds are obligations only of the
686 Junior Lien Bond Fund. The amounts covenanted in this ordinance to be paid out of
687 Revenue of the System into the Junior Lien Bond Fund and the accounts therein
688 constitute a lien and charge on Revenue of the System junior, subordinate and inferior to
689 Operating and Maintenance Expenses; junior, subordinate and inferior to the lien and
690 charge on such Revenue of the System for the payments required to be made into the
691 Parity Bond Fund and the accounts therein; junior, subordinate and inferior to the lien
692 and charge on such Revenue of the System for the payments required to be made into the
693 Parity Lien Obligation Fund and the accounts therein; equal to the lien and charge on
694 such Revenue of the System to pay and secure the payment of the outstanding Junior
695 Lien Obligations and any Additional Junior Lien Obligations; and superior to all other
696 liens and charges of any kind or nature, including, inter alia, the lien and charge on such
697 Revenue of the System to pay and secure the payment of Multi-Modal LTGO/Sewer

698 Revenue Bonds, Subordinate Lien Obligations, SRF Loans and Public Works Trust Fund
699 Loans.

700 The Bonds are not a general obligation of the county. Neither the full faith and
701 credit nor the taxing power of the county or the state of Washington or any political
702 subdivision thereof is pledged to the payment of the Bonds.

703 **SECTION 11. Revenue Fund; Rate Stabilization Fund.**

704 A. **Revenue Fund.** A special fund of the county known as the "Water
705 Quality Operating Account" ("the Revenue Fund") has heretofore been created and is
706 hereby continued. All Revenue of the System will be deposited in the Revenue Fund.
707 All Operating and Maintenance Expenses will be paid out of the Revenue Fund or
708 appropriate reserves therein.

709 B. **Rate Stabilization Fund.** In anticipation of increases in revenue
710 requirements of the System, a special fund of the county designated as the "Sewer Rate
711 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is
712 hereby continued. The county may from time to time appropriate or budget amounts in
713 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 12 of
714 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the
715 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
716 the county related to the System, including calculations of "Net Revenue" and "Revenue
717 of the System" for the purposes of satisfying requirements of Sections 15 and 20 of this
718 ordinance.

719 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited
720 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue

721 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and
722 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
723 System for that fiscal year.

724 SECTION 12. Sewer Revenue Priorities of Payment. All Revenue of the
725 System will be deposited into the Revenue Fund and used and applied in the following
726 order of priority:

727 **First**, to pay all Operating and Maintenance Expenses;

728 **Second**, to make all required deposits into the Debt Service Account in the Parity
729 Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the
730 same become due and payable and to make any Payment Agreement Payments with
731 respect to any Parity Payment Agreements;

732 **Third**, to make all payments required to be made pursuant to a reimbursement
733 agreement or agreements (or other equivalent documents) in connection with Qualified
734 Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to
735 make all payments under such reimbursement agreements, the payments will be made on
736 a pro rata basis;

737 **Fourth**, to establish and maintain the Parity Bond Reserve Account (including
738 making deposits into such account and paying the costs of obtaining Qualified Insurance
739 or a Qualified Letter of Credit therefor);

740 **Fifth**, to make all required payments of principal and interest on the Parity Lien
741 Obligations and to make any Payment Agreement Payments with respect to any Parity
742 Lien Obligation Payment Agreements;

743 **Sixth**, to make all required payments of principal of and interest on the Junior
744 Lien Obligations as the same become due and payable, to make all Payment Agreement
745 Payments with respect to any Payment Agreements entered into with respect to Junior
746 Lien Obligations, and to make any payments required to be made to providers of any
747 credit enhancements or liquidity facilities for Junior Lien Obligations;

748 **Seventh**, to make all required payments of principal of and interest on the Multi-
749 Modal LTGO/Sewer Revenue Lien Obligations as the same become due and payable, to
750 make all Payment Agreement Payments for any Payment Agreements entered into with
751 respect to Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments
752 required to be made to providers of credit enhancements or liquidity facilities for any
753 Multi-Modal LTGO/Sewer Revenue Bonds;

754 **Eighth**, to make all required payments of principal of and interest on the
755 Subordinate Lien Obligations as the same become due and payable;

756 **Ninth**, to make all required payments of principal of and interest on bonds, notes,
757 warrants and other evidences of indebtedness, the lien and charge on Revenue of the
758 System of which is junior and inferior to the Subordinate Lien Obligations, as the same
759 become due and payable; and

760 **Tenth**, to make all required payments of principal of and interest on the SRF
761 Loans and the Public Works Trust Fund Loans.

762 Any surplus money that the county may have on hand in the Revenue Fund after
763 making all required payments set forth above may be used by the county (i) to make
764 necessary improvements, additions and repairs to and extensions and replacements of the
765 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the

766 county, (iii) to make deposits into the Rate Stabilization Fund, or (iv) for any other lawful
767 purposes of the county related to the System.

768 SECTION 13. Disposition of Bond Proceeds. The proceeds of the Bonds will be
769 deposited as follows:

770 A. The amount allocated by the Finance Director to pay and redeem the
771 outstanding Commercial Paper Notes will be deposited in the Commercial Paper Series A
772 Sewer Revenue Bond Anticipation Note Redemption Fund of the county.

773 B. The amount allocated by the Finance Director to pay the costs of issuing
774 the Bonds will be deposited in the appropriate fund or account of the county (as
775 determined by the Finance Director) and used for such purpose.

776 C. The balance of the proceeds of the Bonds will be deposited in the Junior
777 Lien Bond Fund and used to pay interest on the Bonds.

778 SECTION 14. Due Regard for Expenses. The council hereby declares that, in
779 fixing the amounts to be paid into the Junior Lien Bond Fund out of Revenue of the
780 System, it has exercised due regard for the necessary Operating and Maintenance
781 Expenses and has not obligated the county to set aside, pay into and maintain in such
782 fund a greater amount of Revenue of the System than in its judgment will be available
783 over and above the necessary Operating and Maintenance Expenses.

784 SECTION 15. Rate Covenants.

785 A. **General Rate Covenant.** The county will establish, maintain and collect
786 rates and charges for sewage disposal service for each calendar year that are fair and
787 nondiscriminatory and adequate to provide the county with Revenue of the System
788 sufficient (i) to pay all Operating and Maintenance Expenses during that calendar year;

(ii) to pay punctually all amounts described in paragraphs **Second** through **Tenth** in Section 12 of this ordinance due during that calendar year; and (iii) to pay any and all amounts that the county is now or may hereafter become obligated by law or contract to pay during that calendar year from the Revenue of the System.

B. **Coverage Covenant.** Subject to the provisions of subsection C. of this section, the county will establish, maintain and collect rates and charges for sewage disposal service that, together with the interest to be earned on investments made of money in the Revenue Fund, Parity Bond Fund, Parity Lien Obligation Bond Fund, Junior Lien Bond Fund and Construction Account will provide in each calendar year Net Revenue, after deducting therefrom amounts required in such year to pay Annual Debt Service on Parity Bonds and Parity Lien Obligations, in an amount equal to at least 1.10 times the amounts required to pay Annual Debt Service for all Junior Lien Obligations for that year.

C. **Rate Stabilization Fund.** In determining compliance with the requirements of this section, Revenue of the System and Net Revenue will be calculated by taking into account deposits and withdrawals from the Rate Stabilization Fund as provided in Section 11.B. of this ordinance.

SECTION 16. Certain Other Covenants of the County Regarding the Bonds.

The county hereby covenants with the Registered Owner of each of the Bonds, as follows:

A. **Maintain in Good Order.** The county will cause the System and the business in connection therewith to be operated in a safe, sound, efficient, and economic manner in compliance with all health, safety, and environmental laws, regulatory body

rules, regulatory body orders and court orders applicable to the county's operation of the System, and will cause the System to be maintained, preserved, reconstructed, expanded and kept, with all appurtenances and every part and parcel thereof, in good repair, working order and condition, and will from time to time cause to be made, without undue deferral, all necessary or proper repairs, replacements and renewals, so that all times the operation of the System will be properly and advantageously conducted.

B. **Books and Records.** The county will cause proper books of record and accounts of operation of the System to be kept, including an annual financial report.

C. **Annual Audit.** The county will cause its books of accounts, including its annual financial report, to be audited annually by the State auditor's office or other State department or agency as may be authorized and directed by law to make such audits, or if such an audit is not made for twelve months after the close of any fiscal year of the county, by a Certified Public Accountant. The county will furnish the audit to the Owner of any Bond upon written request therefor.

D. **Insurance.** The county will at all times carry fire and extended coverage and such other forms of insurance on such of the buildings, equipment, facilities and properties of the System as under good practice are ordinarily carried on such buildings, equipment, facilities and properties by municipal or privately owned utilities engaged in the operation of sewer systems and will also carry adequate public liability insurance at all times, provided that the county may, if deemed advisable by the council, institute or continue a self insurance program for any or all of the aforementioned risks.

833 E. **Construction.** The county will cause the construction of any duly
834 authorized and ordered portions of the Comprehensive Plan to be performed and
835 completed within a reasonable time and at the lowest reasonable cost.

836 F. **Collection of Revenue.** The county will operate and maintain the System
837 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it
838 of sewage disposal charges payable (i) pursuant to the ordinance or ordinances
839 establishing a tariff of rates and charges for sewage disposal services and (ii) under any
840 Service Agreement that the county has now or may hereafter enter into and to entitle the
841 county to collect all revenues derived from the operation of the System. The county will
842 not release the obligations of any person, corporation or political subdivision under such
843 tariff of rates and charges or the Service Agreements and will at all times, to the extent
844 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
845 county and of the Registered Owners of the Bonds under or with respect thereto.

846 In accordance with RCW 35.58.200(3), the county will require any county, city,
847 special district or other political subdivision to discharge to the System all sewage
848 collected by that entity from any portion of the Seattle metropolitan area that can drain by
849 gravity flow into facilities of the System that serve such areas if the council declares that
850 the health, safety or welfare of the people within the metropolitan area require such
851 action.

852 G. **Legal Authority.** The county has full legal right, power and authority to
853 adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry
854 out and consummate all other transactions contemplated by this ordinance.

855 H. **Due Authorization.** By all necessary official action prior to or
856 concurrently herewith, the county has duly authorized and approved the execution and
857 delivery of, and the performance by the county of its obligations contained in, the Bonds
858 and in this ordinance and the consummation by it of all other transactions necessary to
859 effectuate this ordinance in connection with the issuance of Bonds, and such
860 authorizations and approvals are in full force and effect and have not been amended,
861 modified or supplemented in any material respect.

862 I. **Binding Obligation.** This ordinance constitutes a legal, valid and binding
863 obligation of the county.

864 J. **No Conflict.** The county's adoption of this ordinance and its compliance
865 with the provisions contained herein will not conflict with or constitute a breach of or
866 default under any constitutional provision, law, administrative regulation, judgment,
867 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement
868 or other instrument to which the county is a party or to which the county or any of its
869 property or assets are otherwise subject, nor will any such adoption or compliance result
870 in the creation or imposition of any lien, charge or other security interest or encumbrance
871 of any nature whatsoever upon any of the property or assets of the county or under the
872 terms of any such law, regulation or instrument, except as may be provided by this
873 ordinance.

874 K. **Performance Under Ordinance.** None of the proceeds of the Bonds will
875 be used for any purpose other than as provided in this ordinance, and the county will not
876 suffer any amendment or supplement to this ordinance, or any departure from the due

performance of the obligations of the county hereunder, that might materially adversely affect the rights of the Registered Owners from time to time of the Bonds.

L. **Sale or Disposition.** The county will not sell or voluntarily dispose of all of the operating properties of the System unless provision is made for payment into the applicable debt service funds of a sum sufficient to pay the principal of and interest on all outstanding Parity Bonds, Parity Lien Obligations and Junior Lien Obligations in accordance with the terms thereof, nor will the county sell or voluntarily dispose of any part of the operating properties of the System unless the county has first complied with any applicable covenants of the Parity Bonds and Parity Lien Obligations.

SECTION 17. Tax Covenants.

A. **General.** The county may elect to structure any series of Bonds so that interest on that series of Bonds is either taxable or excludable from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code and the applicable regulations ("the Tax-Exempt Bonds") or to confer other benefits under the Code to the county or Owners of that series of Bonds ("the Tax-Benefited Bonds"). The county covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on Tax-Exempt Bonds to be includable in gross income, as defined in Section 61 of the Code, for federal income tax purposes. Additional tax covenants as necessary or desirable for any series of Bonds may be set forth pursuant to the Sale Motion or Tax Certificate for that series of Bonds.

B. **Tax Certificate.** Upon the issuance of any series of Tax-Exempt Bonds or Tax-Benefited Bonds, the Finance Director is authorized to execute the Tax

Certificate, which will certify to various facts and representations concerning that series of Bonds, based on the facts and estimates known or reasonably expected on the date of their issuance, and make certain covenants with respect to that series of Bonds as may be necessary or desirable to obtain or maintain the benefits conferred under the Code relating to that series of Tax-Exempt Bonds or Tax-Benefited Bonds.

The county covenants that it will comply with the Tax Certificate unless it receives advice from nationally recognized bond counsel or the Internal Revenue Service that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds or Tax-Benefited Bonds, as applicable.

C. **Arbitrage Rebate.** If the county does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to the United States with respect to a series of Bonds, the county will take all necessary steps to comply with the requirement that certain amounts earned by the county on the investment of the "gross proceeds" of that series of Bonds (within the meaning of the Code) be rebated.

SECTION 18. Defaults. The county hereby finds and determines that the failure or refusal of the county or any of its officers to perform the covenants and obligations of this ordinance will endanger the operation of the System and the application of Revenue of the System and such other money, funds and securities to the purposes herein set forth. Any one or more of the following will constitute a Default under this ordinance:

A. The county fails to make payment of the principal of any Bond when the same becomes due and payable, whether by maturity or scheduled redemption prior to maturity;

923 B. The county fails to make payment of the interest on any Bond when the
924 same becomes due and payable;

925 C. The county defaults in the observance or performance of any other
926 covenant, condition or agreement on the part of the county contained in this ordinance,
927 and such default has continued for a period of 90 days; or

928 D. The county (i) admits in writing its inability to pay its debts generally as
929 they become due; (ii) files a petition in bankruptcy or seeking a composition of
930 indebtedness under any state or federal bankruptcy or insolvency law; (iii) makes an
931 assignment for the benefit of its creditors; (iv) consents to the appointment of a receiver
932 for the whole or any substantial part of the System; or (v) consents to the assumption by
933 any court of competent jurisdiction under the provisions of any other law for the relief or
934 aid of debtors of custody or control of the county or of the whole or any substantial part
935 of the System.

936 SECTION 19. Remedies.

937 A. **Control by Credit Provider.** Upon the occurrence and continuation of a
938 Default described in Section 18.A. through D. of this ordinance, each Credit Provider will
939 be entitled to exercise, on behalf of the Registered Owners of any Bonds secured by
940 Credit Enhancement provided by the Credit Provider, any of the remedies provided to the
941 Registered Owners of such Bonds under this section and, for so long as the Credit
942 Provider is not in default of its obligations under the Credit Enhancement, the Credit
943 Provider will be the only person entitled to exercise the remedies provided under this
944 section with respect to such Bonds.

945 B. **Appointment of Bondowners' Trustee.** Upon the occurrence of a
946 Default and so long as such Default is not remedied, and subject to the rights of any
947 Credit Provider as provided in subsection A. of this section, a Bondowners' Trustee may
948 be appointed for the Registered Owners of the Bonds by the Registered Owners of a
949 majority in principal amount of the Bonds then outstanding by an instrument or
950 concurrent instruments in writing signed and acknowledged by such Registered Owners
951 or by their attorneys-in-fact duly authorized and delivered to the Bondowners' Trustee,
952 notification thereof having been given to the county. Any Bondowners' Trustee
953 appointed under the provisions of this section must be a bank or trust company organized
954 under the laws of a state or a national banking association. The fees and expenses of the
955 Bondowners' Trustee must be borne by the Registered Owners of the Bonds and not by
956 the county. The bank or trust company acting as the Bondowners' Trustee may be
957 removed at any time, and a successor Bondowners' Trustee may be appointed, by the
958 Registered Owners of a majority in principal amount of the Bonds then outstanding, by
959 an instrument or concurrent instruments in writing signed and acknowledged by such
960 Registered Owners or by their attorneys-in-fact duly authorized. The Bondowners'
961 Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by
962 the Registered Owners of a majority in principal amount of the Bonds then outstanding;
963 provided, that no such resignation or removal will be effective until a successor
964 Bondowners' Trustee has been appointed and has delivered to the county and the
965 Registered Owners of the Bonds then outstanding a written instrument of acceptance of
966 the duties and responsibilities of the Bondowners' Trustee under this ordinance.

967 The Bondowners' Trustee appointed in the manner herein provided, and each
968 successor thereto, is hereby declared to be a trustee for the Registered Owners of all the
969 Bonds then outstanding and is empowered to exercise all the rights and powers herein
970 conferred on the Bondowners' Trustee.

971 **C. Legal Action by Bondowners' Trustee.** Subject to the rights of the
972 Credit Provider, if any, as provided in subsection A. of this section, upon the happening
973 of a Default and during the continuation thereof, the Bondowners' Trustee may, and upon
974 the written request of the Registered Owners of not less than 25% in principal amount of
975 the Bonds then outstanding must, take such steps and institute such suits, actions or other
976 proceedings as it may deem appropriate for the protection and enforcement of the rights
977 of such Registered Owners to collect any amounts due and owing to or from the county,
978 or to obtain other appropriate relief, and may enforce the specific performance of any
979 covenant, agreement or condition contained in this ordinance or in the Bonds. Any
980 action, suit or other proceedings instituted by the Bondowners' Trustee hereunder will be
981 brought in its name as trustee for the Registered Owners of all Bonds, and all such rights
982 of action upon or under any of the Bonds or the provisions of this ordinance may be
983 enforced by the Bondowners' Trustee without the possession of any of the Bonds, and
984 without the production of the same at any trial or proceedings relating thereto except
985 where otherwise required by law. Any such suit or proceeding instituted by the
986 Bondowners' Trustee will be brought for the ratable benefit of all of the Registered
987 Owners of the Bonds, subject to the provisions of this ordinance. The respective
988 Registered Owners of the Bonds, by taking and holding the same, will be conclusively
989 deemed irrevocably to have appointed the Bondowners' Trustee the true and lawful

trustee of the respective Registered Owners of the Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of the Bonds; to execute any paper or documents for the receipt of such money; and to do all acts with respect thereto that such registered owners themselves might have done. Nothing herein will be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Bonds, any plan of reorganization or adjustment affecting such Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the county is a party.

D. Restrictions on Legal Action by Individual Owners. Subject to the rights of the Credit Provider, if any, as provided in subsection A. of this section, no Registered Owner of any Bonds has any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same unless:

1. a Default has happened and is continuing; and
2. a Bondowners' Trustee has been appointed as herein provided; and
3. such Registered Owner previously has given to the Bondowners' Trustee written notice of the Default as to which such suit, action or proceeding is to be instituted; and
4. Registered Owners of not less than 25% in principal amount of the

1011 Bonds then outstanding, after the occurrence of such Default, have made written request
1012 of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable
1013 opportunity to institute such suit, action or proceedings; and

1014 5. the Bondowners' Trustee has been offered security and indemnity
1015 satisfactory to it against the costs, expenses and liabilities to be incurred therein or
1016 thereby; and

1017 6. the Bondowners' Trustee has refused or neglected to comply with
1018 such request within a reasonable time.

1019 Notwithstanding any other provision of this ordinance, each Registered Owner of
1020 the Bonds will have the absolute and unconditional right to receive payment of principal
1021 of and premium, if any, and interest on such Bonds on and after the due date thereof, and
1022 to institute suit for the enforcement of any such payment.

1023 E. **Waivers of Default; Remedies not Exclusive.** The remedies herein
1024 conferred upon or reserved to the Registered Owners of the Bonds and to the
1025 Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies,
1026 and each and every such remedy will be cumulative and will be in addition to every other
1027 remedy given hereunder or now or hereafter existing at law or in equity or by statute.
1028 The privileges herein granted may be exercised from time to time and continued so long
1029 as and as often as the occasion therefor may arise.

1030 Subject to the rights of the Credit Provider, if any, as provided in subsection A. of
1031 this section, the Bondowners' Trustee may waive any past Default and its consequences,
1032 except a default in the payment of the principal of or premium, if any, or interest on any
1033 of the Bonds. No such waiver will extend to or affect any subsequent Default or impair

any rights or remedies consequent thereon. No delay or omission of the Credit Provider or the Bondowners' Trustee to exercise any right or power accruing upon any Default will impair any such right or power or be construed to be a waiver of any such Default or acquiescence therein.

SECTION 20. Additional Obligations of the System.

A. Senior Lien Obligations. The county reserves the right to issue additional Parity Bonds and Parity Lien Obligations on the applicable terms and conditions set forth in the ordinances authorizing issuance of the Parity Bonds and Parity Lien Obligations then outstanding.

B. Additional Junior Lien Obligations. The county reserves the right to issue Additional Junior Lien Obligations, but only if such Additional Junior Lien Obligations are issued (i) for the purpose of refunding any Junior Lien Obligations then outstanding or (ii) for any lawful purpose of the county related to the System and the following conditions are met:

1. At the time of issuing such Additional Junior Lien Obligations, there is no default in the payment of the principal of or interest on any Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, SRF Loans or Public Works Trust Fund Loans.

2. The county has on file one of the following certificates:

a. A certificate of the Finance Director showing that Net Revenue in any 12 consecutive months out of the most recent 18 months preceding the issuance of such Additional Junior Lien Obligations, based on financial statements of the System prepared by the county and after deducting therefrom the Senior Lien Payments

required in each calendar year during the life of such Additional Junior Lien Obligations, will be at least equal to 1.10 times the Annual Debt Service for the proposed Additional Junior Lien Obligations and all Junior Lien Obligations then outstanding in each year during the life of such Additional Junior Lien Obligations; or

b. A certificate from a Professional Utility Consultant (which certificate may not be dated more than 90 days prior to the date of delivery of such Additional Junior Lien Obligations) showing that in his or her professional opinion the Net Revenue, estimated on the basis of all factors as he or she may consider reasonable, for each of the five calendar years following the year in which such Additional Junior Lien Obligations are to be issued, after deducting therefrom Senior Lien Payments for each such year, will be at least equal to 1.10 times the Annual Debt Service for the proposed Additional Junior Lien Obligations and all Junior Lien Obligations then outstanding in each of those five years.

C. **Inferior Lien Obligations.** Nothing contained in this ordinance prevents the county from issuing revenue bonds, notes or other obligations that are a charge on Revenue of the System junior or inferior to the payments required to be made therefrom into the Junior Lien Bond Fund to pay and secure the payment of any Junior Lien Obligations.

SECTION 21. Payment Agreements.

A. **General.** To the extent and for the purposes permitted from time to time by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State law, the county may enter into Payment Agreements with respect to the Bonds, subject to the conditions set forth in this section and in other provisions of this ordinance.

1080 B. **Manner and Schedule of Payments.** Each Payment Agreement must set
1081 forth the manner in which the Payment Agreement Payments and the Payment
1082 Agreement Receipts will be calculated and a schedule of payment dates.

1083 C. **Authorizing Ordinance.** Prior to entering into a Payment Agreement, the
1084 council must pass an ordinance authorizing such agreement and setting forth such
1085 provisions as the county deems necessary or desirable and are not inconsistent with the
1086 provisions of this ordinance.

1087 D. **Calculation of Payment Agreement Payments and Debt Service on**
1088 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the
1089 county, for purposes of Sections 15 or 20 of this ordinance, that debt service on Bonds
1090 with respect to which a Payment Agreement is in force will be calculated to reflect the
1091 net economic effect on the county intended to be produced by the terms of such Bonds
1092 and the Payment Agreement. In calculating such amounts, the county will be guided by
1093 the following requirements.

1094 1. The amount of interest deemed to be payable on any Bonds with
1095 respect to which a Payment Agreement is in force will be an amount equal to the amount
1096 of interest that would be payable at the rate or rates stated in those Bonds plus Payment
1097 Agreement Payments minus Payment Agreement Receipts.

1098 2. For any period during which Payment Agreement Payments are
1099 not taken into account in calculating interest on any outstanding Bonds because the
1100 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement
1101 Payments on that Payment Agreement will be calculated based upon the following
1102 assumptions:

1103 a. **County Obligated to Make Payments Based on Fixed**
1104 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed
1105 rate and the Qualified Counterparty is obligated to make payments based on a variable
1106 rate index, payments by the county will be based on the assumed fixed payor rate, and
1107 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1108 determined by the variable rate index specified by the Payment Agreement during the
1109 fiscal quarter preceding the quarter in which the calculation is made; and

1110 b. **County Obligated to Make Payments Based on Variable**
1111 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a
1112 variable rate index and the Qualified Counterparty is obligated to make payments based
1113 on a fixed rate, payments by the county will be based on a rate equal to the average rate
1114 determined by the variable rate index specified by the Payment Agreement during the
1115 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified
1116 Counterparty will make payments based on the fixed rate specified by the Payment
1117 Agreement.

1118 E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's
1119 and S&P 30 days prior to the date it intends to enter into a Payment Agreement and will
1120 give notice to Moody's and S&P 30 days prior to the date it intends to enter into a
1121 Payment Agreement with respect to any Bonds.

1122 **SECTION 22. Sale and Remarketing of Bonds.**

1123 A. **Determination by Finance Director.** The Finance Director will
1124 determine, in consultation with the county's financial advisors, the principal amount of
1125 each series of the Bonds, whether each series of Bonds will be structured as Tax-Exempt

1126 Bonds, Tax-Benefited Bonds or otherwise, and whether each series of Bonds will be sold
1127 by negotiated sale or competitive bid and by current or future delivery. The Finance
1128 Director is authorized to designate any or all of the Bonds as "green bonds" or any similar
1129 designation indicating the purpose for which the proceeds of the Bonds are to be used.
1130 The authority to sell and the authority to remarket any of the Bonds authorized hereunder
1131 will terminate on December 31, 2016.

1132 B. **Satisfaction of Conditions.** The Finance Director will provide or cause to
1133 be provided by a Professional Utility Consultant any certifications required to satisfy the
1134 conditions established in the ordinances of the county for the issuance of the Bonds as
1135 Junior Lien Obligations. In the Sale Motion for each series of Bonds, the council will
1136 make findings regarding satisfaction of such conditions applicable to that series of Bonds.

1137 C. **Procedure for Negotiated Sale.** If the Finance Director determines that
1138 any series of the Bonds will be sold by negotiated sale, the Finance Director will, in
1139 accordance with applicable county procurement procedures, solicit one or more
1140 underwriting firms or other financial institutions with which to negotiate the sale of the
1141 Bonds. Unless otherwise set forth pursuant to the Sale Motion, the purchase contract for
1142 each series of the Bonds will establish the year and series designation, date, principal
1143 amount, interest payment dates, interest rates, price, maturity schedule and redemption
1144 and bond insurance provisions of the Bonds. The purchase contract may not be executed
1145 and delivered unless and until the council by a Sale Motion approves the purchase
1146 contract and ratifies and confirms the terms for the series of Bonds established therein.

1147 D. **Procedure for Sale by Competitive Bid.** If the Finance Director
1148 determines that any series of the Bonds will be sold by competitive bid, bids for the

1149 purchase of such Bonds will be received at such time or place and by such means as the
1150 Finance Director directs. The Finance Director is authorized to prepare an official notice
1151 of sale for such Bonds, establishing in such notice the year and series designation, date,
1152 principal amount, interest payment dates, maturity schedule and optional redemption and
1153 bond insurance provisions of the Bonds. The official notice of sale or an abridged form
1154 thereof may be published in such newspapers or financial journals as the county's
1155 financial advisors deem desirable or appropriate.

1156 Upon the date and time established for the receipt of bids for a series of the
1157 Bonds, the Finance Director or his designee will review the bids, cause the bids to be
1158 mathematically verified and report to the council regarding the bids received. Such bids
1159 will then be considered and acted upon by the council in an open public meeting. The
1160 council reserves the right to reject any and all bids for such Bonds. The council by a Sale
1161 Motion will approve the sale of such Bonds and ratify and confirm the year and series
1162 designation, date, principal amount, interest payment dates, interest rates, price, maturity
1163 schedule, redemption and bond insurance provisions and any other terms of such Bonds.

1164 E. **Multimodal Bonds.** The Finance Director is authorized to determine that
1165 any series of the Bonds will be issued as multimodal bonds, with interest to be borne in a
1166 daily rate mode, weekly rate mode, index rate mode, flexible rate mode, term rate mode
1167 or fixed rate mode, payable on the dates and at the rates, subject to (i) a minimum rate,
1168 maximum rate, alternate rate and default rate, (ii) conversion between modes, (iii)
1169 optional and mandatory tender for purchase on dates and at prices and (iv) additional
1170 provisions relating to defaults and remedies, all as set forth pursuant to the Sale Motion.
1171 In connection with the remarketing of multimodal Bonds, the Finance Director is

authorized, in his or her discretion and without further action by the council, (i) to issue requests for proposals for purchasers, remarketing agents, tender agents, paying agents, calculation agents and providers of Credit Enhancement and Liquidity Facilities and to execute and deliver agreements based on responses received to such requests, including continuing covenant or purchase agreements, remarketing agent agreements, tender agent agreements, paying agent agreements, calculation agent agreements, Credit Enhancement and extensions, replacements and terminations thereof, Liquidity Facilities and extensions, replacements and terminations thereof, reimbursement agreements and other agreements evidencing the county's obligations under any such agreements and any certifications or documentation in connection therewith, (ii) to remarket the Bonds pursuant to an official notice of remarketing and receipt of competitive bids, (iii) to replace the Registrar or Securities Depository, (iv) to cause the interest rate mode of any series of the Bonds to be converted in accordance with the provisions set forth in the Sale Motion and (v) to establish such funds and accounts as are necessary and desirable in connection with such remarketing in such interest rate mode.

SECTION 23. Delivery of Bonds. Following the sale of each series of the Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in accordance with the provisions of this ordinance and in a form acceptable to DTC as initial depository for the Bonds, with the approving legal opinion of municipal bond counsel regarding the Bonds.

SECTION 24. Preliminary Official Statement; Official Statement. The county authorizes and directs the Finance Director: (i) to review and approve the information contained in one or more preliminary official statements (each, a "Preliminary Official

Statement") prepared in connection with the sale or remarketing of each series of the Bonds; and (ii) for the sole purpose of the Bond purchasers' compliance with paragraph (b)(1) of Rule 15c2-12, to deem final that Preliminary Official Statement as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. After each Preliminary Official Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes distribution of such Preliminary Official Statement to prospective purchasers of such series of Bonds.

Following the sale or remarketing of each series of the Bonds in accordance with Section 22 of this ordinance, the Finance Director is hereby authorized to review and approve on behalf of the county each final official statement with respect to such series of Bonds. The county will cooperate with the purchaser of each series of Bonds to deliver or cause to be delivered, within seven business days after the date of the Sale Motion (or within such other period as may be required by applicable law) and in sufficient time to accompany any confirmation that requests payment from any customer of the purchaser, copies of the final official statement pertaining to such Bonds in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

SECTION 25. Undertaking to Provide Ongoing Disclosure. If and to the extent required by paragraph (b)(5) of Rule 15c2-12, each Sale Motion will authorize an Undertaking for each series of the Bonds.

SECTION 26. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt sale, issuance, execution, delivery and remarketing of the Bonds, and for the proper use and application of the proceeds of the sale and remarketing thereof.

1218 **SECTION 27. Investment of Funds and Accounts.** Money in the Revenue Fund
1219 and Junior Lien Bond Fund may be invested in any investments permitted for funds of
1220 the county. Obligations purchased as an investment of money in the Revenue Fund and
1221 Junior Lien Bond Fund and accounts therein will be deemed at all times to be a part of
1222 such respective fund or account, and the income or interest earned, profits realized or
1223 losses suffered by a fund or account due to the investment thereof will be retained in,
1224 credited or charged, as the case may be, to such fund or account.

1225 In computing the amount in any fund or account under the provisions of this
1226 ordinance, obligations purchased as an investment of money therein will be valued at the
1227 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1228 **SECTION 28. Refunding or Defeasance of Bonds.** The county may issue
1229 refunding obligations pursuant to State law or use money available from any other lawful
1230 source to carry out a refunding or defeasance plan, which may include: (i) paying when
1231 due the principal of and interest on any or all of the Bonds ("the defeased Bonds"); (ii)
1232 redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the
1233 refunding or defeasance. If the county sets aside in a special trust fund or escrow account
1234 irrevocably pledged to that redemption or defeasance ("the trust account") money and/or
1235 Government Obligations maturing at a time or times and bearing interest in amounts
1236 sufficient to redeem, refund or defease the defeased Bonds in accordance with their
1237 terms, then all right and interest of the Owners of the defeased Bonds in the covenants of
1238 this ordinance and in the funds and accounts obligated to the payment of the defeased
1239 Bonds will cease and become void. Thereafter, the Registered Owners of defeased
1240 Bonds will have the right to receive payment of the principal of and premium, if any, and

1241 interest on the defeased Bonds solely from the trust account and the defeased Bonds will
1242 be deemed no longer outstanding. In that event, the county may apply money remaining
1243 in any fund or account (other than the trust account) established for the payment or
1244 redemption of the defeased Bonds to any lawful purpose.

1245 Unless otherwise specified by the county in a refunding or defeasance plan, notice
1246 of refunding or defeasance will be given, and selection of Bonds for any partial refunding
1247 or defeasance will be conducted, in the manner prescribed in this ordinance for the
1248 redemption of Bonds.

1249 SECTION 29. Supplemental Ordinances.

1250 A. **Without Owner Consent.** The council from time to time and at any time
1251 may adopt an ordinance or ordinances supplemental to this ordinance which
1252 supplemental ordinance or ordinances thereafter will become a part of this ordinance,
1253 without the consent of Registered Owners of any of the Bonds, for any one or more of the
1254 following purposes:

1255 1. To add to the covenants and agreements of the county in this
1256 ordinance such other covenants and agreements thereafter to be observed that will not
1257 adversely affect the interests of the Registered Owners of any Bonds, or to surrender any
1258 right or power herein reserved to or conferred upon the county;

1259 2. To make such provisions for the purpose of curing any ambiguities
1260 or of curing, correcting or supplementing any defective provision contained in this
1261 ordinance in regard to matters or questions arising under this ordinance as the council
1262 may deem necessary or desirable and not inconsistent with this ordinance and that will
1263 not adversely affect the interest of the Registered Owners of any Bonds;

1264 3. To modify, alter, amend, supplement or restate this ordinance in
1265 any and all respects necessary, desirable or appropriate in connection with the delivery of
1266 Credit Enhancement or a Liquidity Facility (other than modifying notice provisions to
1267 Registered Owners of the Bonds); or

1268 4. to modify, alter, amend, supplement or restate this ordinance in
1269 any and all respects necessary, desirable or appropriate to satisfy the requirements of any
1270 rating agency to obtain or maintain a rating on the Bonds as the county deems necessary,
1271 provided that such action does not impair the security hereof or materially adversely
1272 affect the interests of the Registered Owners of the Bonds; or

1273 5. For any purpose, on any date all Bonds are subject to mandatory or
1274 optional tender for purchase, in each case after written notice of such amendment has
1275 been given by first class mail to each Registered Owner of the Bonds not less than 30
1276 days prior to such purchase date.

1277 B. **With Owner Consent.**

1278 1. With the consent of the Registered Owners of not less than a
1279 majority in aggregate principal amount of the Bonds then outstanding, the council may
1280 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
1281 provisions to or changing in any manner or eliminating any of the provisions of this
1282 ordinance, except as described in subsection B.2. or B.4. of this section.

1283 2. No supplemental ordinance entered into pursuant to this subsection
1284 B. may:

1285 a. Extend the fixed maturity of any Bonds, or reduce the rate
1286 of interest thereon, or extend the time of payments of interest from their due date, or

1287 reduce the amount of the principal thereof, or reduce any premium payable on the
1288 redemption thereof, or amend provisions governing the mandatory or optional tender for
1289 purchase or redemption of Bonds, without the consent of the Registered Owner of each
1290 Bond so affected; or

1291 b. Reduce the aforesaid percentage of Registered Owners of
1292 Bonds required to approve any such supplemental ordinance, without the consent of the
1293 Registered Owners of all Bonds then outstanding.

1294 3. It is not necessary for the consent of the Registered Owners of
1295 Bonds under this subsection B. to approve the particular form of any proposed
1296 supplemental ordinance, but it is sufficient if such consent approves the substance
1297 thereof.

1298 4. Notwithstanding any provision of this subsection B. to the
1299 contrary, the Credit Provider, if any, will be entitled to consent, on behalf of the
1300 Registered Owners of any Bonds secured by Credit Enhancement provided by such
1301 Credit Provider, to the adoption by the council of any ordinance or ordinances
1302 supplemental hereto for the purpose of adding any provisions to or changing in any
1303 manner or eliminating any of the provisions of this ordinance.

1304 C. **Consent of Credit Provider and Liquidity Provider.** Any amendment
1305 or supplement to this ordinance requires the prior written consent of any Credit Provider
1306 and Liquidity Provider if the rights of such Credit Provider or Liquidity Provider, as the
1307 case may be, will be adversely affected thereby.

1308 SECTION 30. Ordinance a Contract; Severability. The covenants contained in
1309 this ordinance constitute a contract between the county and (i) the Registered Owner of

1310 each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with
1311 respect to any Bonds and (iii) any Credit Provider or Liquidity Provider with respect to
1312 any Bonds. If any court of competent jurisdiction determines that any covenant or
1313 agreement provided in this ordinance to be performed on the part of the county is
1314 contrary to law, then such covenant or agreement will be null and void and will be
1315 deemed separable from the remaining covenants and agreements of this ordinance and
1316 will in no way affect the validity of the other provisions of this ordinance or of the Bonds.

1317 SECTION 31. Effective Date. This ordinance will be effective ten days after its
1318 enactment, in accordance with Article II of the county charter.
1319

Ordinance 18141 was introduced on 10/5/2015 and passed as amended by the
Metropolitan King County Council on 10/26/2015, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr.
Upthegrove
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

RECEIVED
2015 OCT 30 AM 9:35
CLERK
KING COUNTY COUNCIL

APPROVED this 28 day of OCTOBER, 2015



Dow Constantine, County Executive

Attachments: A. Outstanding Parity Bonds, B. Outstanding Parity Lien Obligations, C. Table of
Contents

ATTACHMENT A

OUTSTANDING PARITY BONDS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 9/10/2015)
2006 Bonds	15385	5/16/2006	\$124,070,000	\$ 24,070,000
2006 (2nd) Bonds	15385	11/30/2006	193,435,000	127,035,000
2007 Bonds	15758	6/26/2007	250,000,000	3,585,000
2008 Bonds	16133	8/14/2008	350,000,000	5,550,000
2009 Bonds	16133	8/12/2009	250,000,000	215,480,000
2010 Bonds	16868	7/29/2010	334,365,000	315,985,000
2011 Bonds	16868	1/25/2011	175,000,000	168,495,000
2011B Bonds	17111	10/5/2011	494,270,000	408,615,000
2011C Bonds	17111	11/1/2011	32,445,000	32,445,000
2012 Bonds	17111	4/18/2012	104,445,000	104,445,000
2012B Bonds	17111	8/2/2012	64,260,000	64,260,000
2012C Bonds	17111	9/19/2012	65,415,000	65,415,000
2013A Bonds	17111	4/9/2013	122,895,000	117,560,000
2013B Bonds	17599	10/29/2013	74,930,000	68,135,000
2014A Bond	17599	7/8/2014	75,000,000	75,000,000
2014B Bonds	17599	8/12/2014	192,460,000	190,790,000
2015A Bonds	17599	2/18/15	474,025,000	474,025,000

ATTACHMENT B

OUTSTANDING PARITY LIEN OBLIGATIONS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 9/10/2015)
2008 Bonds	15779	2/12/2008	\$236,950,000	\$216,540,000
2009 Bonds	16133	4/8/2009	300,000,000	35,135,000
2012 Bonds	17111	4/18/2012	68,395,000	67,755,000
2012B Bonds	17111	8/2/2012	41,725,000	41,725,000
2012C Bonds	17111	9/19/2012	53,405,000	53,405,000
2015A Bonds	17599	2/18/2015	247,825,000	247,825,000

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